



ANG

Bayan

Pahayagan ng Partido Komunista ng Pilipinas
Pinapatnubayan ng Marxismo-Leninismo-Maoismo

English Edition
Vol. XXXV1 No. 3
February 7, 2005
www.philippinerevolution.org

Editorial

Thwart the US-Arroyo regime's cruel antipeople blows

Mass organizations, political forces and even the church sector are up in arms against the Arroyo regime's plans to raise the value added tax (VAT) from 10 to 12% and expand its coverage to include petroleum products and electricity, medical and legal services. They are also utterly opposed to opening the country's natural wealth anew to

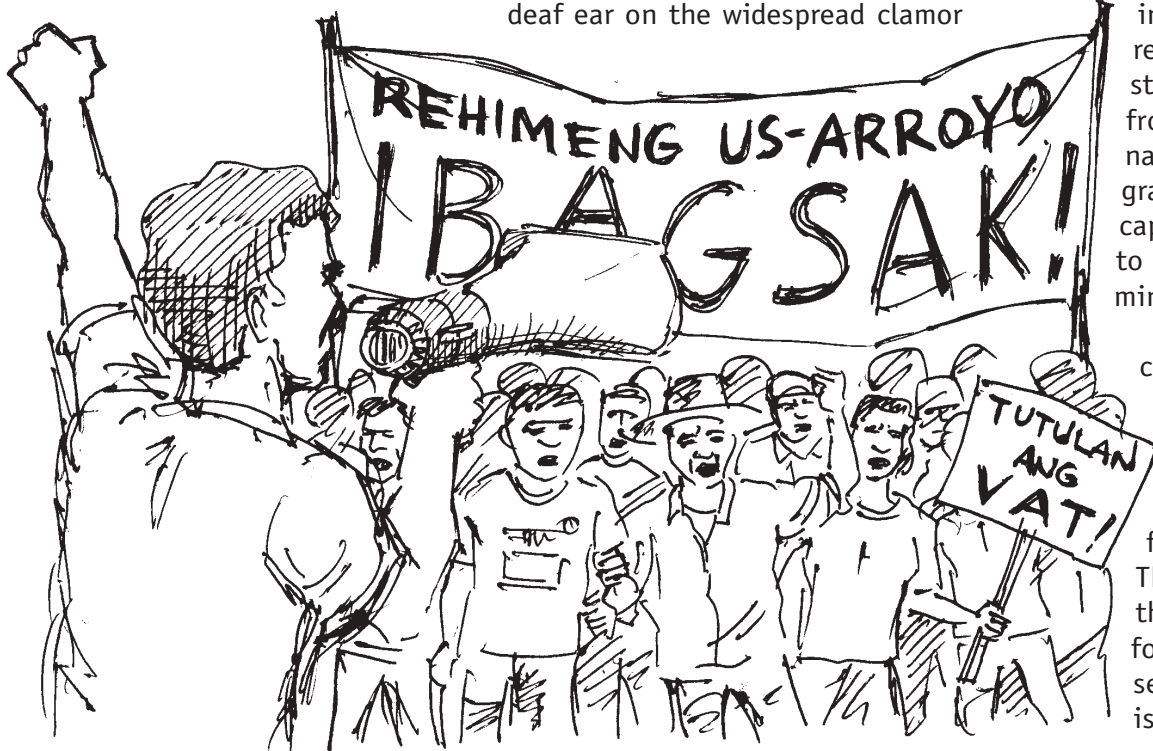
the plunder of foreign mining corporations with the final affirmation of the Mining Act of 1995. The people are angered no end over the two latest pro-imperialist and antipeople policies being pushed by the Arroyo government in its desperate attempt to shore up the rotten semicolonial and semifeudal ruling system.

The Arroyo regime has turned a deaf ear on the widespread clamor

against the VAT increase. It does not give a damn if the VAT increase would cause prices of commodities to skyrocket and devastate the people economically. Arroyo does not even have the slightest compassion for the people, going all-out to push for the VAT increase even as she zealously obstructs measures to raise workers' wages.

Even worse than the VAT increase, the US-Arroyo regime is now pulling all stops to dismantle the frontiers of Philippine national patrimony and grant foreign monopoly capitalists total freedom to plunder the country's mineral wealth.

Arroyo and her officials have exposed themselves as nothing but administrators of the neocolonial state whose loyalty is to foreign businesses. They do not conceal their glee over plans of foreign capitalists to seize and exploit what is left of the country's



*This issue's high-
lights...*

Large-scale mining

PAGE 4

**General Corpus:
Big-time swindler**

PAGE 6

Megamergers

PAGE 9

wealth. The Arroyo regime has no concern whatsoever should foreign monopoly capitalists' mining operations bring about the unprecedented destruction of mountain and river systems and agricultural lands, wreak havoc on the lives of the toiling masses, and further stunt the local economy.

The US-Arroyo regime offers all kinds of incentives to foreign capitalists, including tax holidays, the right to repatriate 100% of their profits and exemption from inspections to ascertain compliance with environmental protection standards. These and many more are all guaranteed by the Mining Act of 1995 which the Supreme Court upheld with finality this February.

The US-Arroyo regime strains to picture the large-scale entry of foreign capitalists in mining as contributing to economic advance. It turns a blind eye to the fact that in the past 60 years, such policies have only resulted in massive unemployment, the destruction of productive forces, capital depletion and chronic crisis.

There is urgent need for the Filipino people to take all-out action to stop the US-Arroyo

regime from implementing the VAT increase and relentlessly offering come-ons to foreign capitalists to invest in mining. All possible means must be employed to frustrate these sinister schemes. Only then can the people prevent their further economic ruin and their added oppression and suffering.

More and more people oppose the VAT increase. There is need to firm up the unity of these forces, deepen the propeople and anti-imperialist foundation of their stand on the VAT increase, and direct their unified strength towards launching various forms of opposition and protests in factories, schools, offices and the streets.

Gloria Arroyo's insistence on implementing the VAT increase incites widespread anger against her regime. Her indifference to the people's grievances and her propagation of the lie that "it is the people who will benefit from the VAT increase" are stoking the fires of protest.

Those opposed to the implementation of the Mining Act of 1995 also come from a broad spectrum. They must be rallied to pre-

The Filipino people's mass actions and struggles against the VAT increase and the entry of foreign capitalists in the mining industry are all linked to, and are in the service of, the people's struggle against the US-Arroyo regime.

vent the entry of foreign capitalists and their plunder of the country's mineral wealth. The Filipino people will wage a national war to fight for and defend economic sovereignty and the country's national patrimony.

In particular, committees and officials of the organs of political power at various levels nationwide must use their authority to implement specific policies on land reform and laws that defend the peasantry and minority peoples' right to land and against environmental destruction. Units of the New People's Army (NPA) have a responsibility to ensure that these laws and policies are implemented.

The Filipino people's mass actions and struggles against the VAT increase and the entry of foreign capitalists in the mining industry are all linked to, and are in the service of, the people's struggle against the US-Arroyo regime. In fact, these struggles emphasize the urgent need to end Gloria Macapagal-Arroyo's puppet, antipeople, corrupt and repressive government.

In advancing these struggles, it is the responsibility of the revolutionary forces to raise the people's consciousness and show the need for a new-democratic revolution to put an end to the neocolonial state and the semicolonial and semifeudal social system through protracted people's war. **AB**



Vol XXXVI No. 3 February 7, 2005

Ang Bayan is published in Pilipino, Bisaya, Iloko, Hiligaynon, Waray and English editions.

It is available for *downloading* at the Philippine Revolution Web Central located at:

www.philippinerevolution.org.

Ang Bayan welcomes contributions in the form of articles and news. Readers are likewise enjoined to send in their comments and suggestions for the betterment of our publication. You can reach us by email at:

angbayan@yahoo.com

Contents

Editorial	1
VAT increases	3
Large-scale mining	4
Mining in Central Luzon	5
Corpus: Big-time swindler	6
Protecting the environment in Panay	7
Megamergers	8
Maoism in China	11
Remembering Auschwitz	12
Iraq elections	12
News	13

Ang Bayan is published fortnightly by the Central Committee of the Communist Party of the Philippines

People assail VAT increase

The Arroyo regime has been frantically defending its openly antipeople scheme to raise the value-added tax or VAT from 10% to 12%. This, after reactionary representatives in congress railroaded the bill's passage despite the people's intense and widespread opposition.

This is the fourth taxation law passed by congress in just two months. The much-vaunted tax measures are expected to augment the "national treasury" that serves as a milch cow for the regime and its cohorts.

The VAT is a taxation system first implemented by the Aquino regime in 1988. It replaced the "general sales tax," ostensibly due to the latter's inutility to raise tax revenues and corruption within the Bureau of Internal Revenue. In fact, VAT was imposed to comply with conditions set by the International Monetary Fund (IMF) and World Bank (WB) for new loans. All of the subsequent amendments to the law were likewise dictates of the IMF and World Bank.

Anyone who sells, rents out, imports or provides certain services is obliged to pay the VAT. Nevertheless, it is an "indirect tax" that may be passed on to consumers, lessees or clients and is unlike the "sales tax" which is principally borne by the seller. It was expanded in 1996 to include other services.

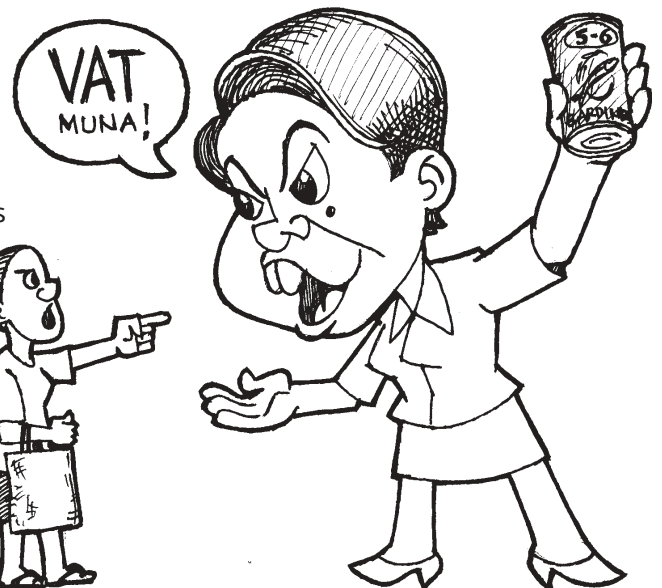
In August 2004, the IMF came out with a list of measures to ensure the Philippines' ability to pay its debts. Not surprisingly, it included raising the VAT by 20-40%.

Although not always noticeable, VAT covers all basic products except fresh produce, and many services. The so-called "input VAT"

is imposed on every process and stage in the manufacture of a product. An additional 10% "output VAT" is imposed whenever a consumer buys or pays for a service on top of the overall "input VAT" which is already part of the product or service price. Thanks to Arroyo, the "output VAT" will soon be raised to 12%.

The Arroyo regime is drooling over the anticipated P25 billion that would be generated from the higher VAT. If the exemption for fresh produce is removed, another P28 billion would be added to the "national treasury." This is in addition to the P15 billion that would be collected from liquor and cigarette (so-called sin) taxes and P10 billion from the Lateral Attrition Law.

The regime joins its imperialist masters in the IMF and World Bank in rejoicing over the country's supposed new-found ability to service its debts. Maybe now, others could be led to believe the declaration that the country has already gotten over its financial crisis. There will supposedly be a reduction in the budget deficit. The country's standing with international banks and financial institutions would become a bit more favorable. Maybe this time, banks would be amenable once more to extending credit to the bankrupt and corrupt Arroyo regime. One does not have to be a genius to figure out where



this is headed.

The people can not stomach the regime's lies. The regime's spokespersons say that the people should be thankful for congress' efforts to exempt from rising prices what are considered the poor person's fare—instant noodles, sardines, *tuyo* (dried fish), *patis* (fish sauce), *bagoong* (fermented fish paste) and canned goods. Even if the prices of these goods do increase, according to Arroyo's cabinet, it would only be by a few centavos.

Initial estimates of progressive representatives in congress show, however, that expenses per family would grow by P256 per month as a result of the VAT increase. This, in a situation where the P300 daily wage is already extremely inadequate for a family living in Metro Manila. Even without the VAT increase, a family of six would already need P590 or P290 over and above the minimum wage to live decently. The workers' demand for a P125 increase in the daily wage and government employees' clamor for a P3,000 across-the-board hike in monthly salaries involve much smaller amounts—and yet the regime continues to reject the implementation of a just increase in wages and salaries. **AB**

Large-scale mining: Violating national sovereignty and patrimony

Without a doubt, giant mining companies will devastate the country's mountain systems and remaining forests to appropriate the Philippines' natural resources through the cheapest and fastest means. The Arroyo regime is offering the country's national patrimony on the altar of foreign capitalists to enable the latter to gorge themselves full with the country's mineral wealth. Through a Supreme Court ruling this February, the regime has junked with finality the petition of national minorities, peasants and others opposed to the Mining Act of 1995. This comes as no surprise, especially since the Mining Act's principal sponsor in 1995 was none other than then senator Gloria Arroyo.

According to the Kalipunan ng mga Katutubong Mamamayan ng Pilipinas (KAMP), almost 75% of the country's land is covered by applications for Financial and Technical Assistance Agreements (FTAA) now pending with the Department of Environment and Natural Resources (DENR). The FTAA is an agreement between the Philippine government and a mining company that grants the company the right to conduct mining operations on a maximum of 81,000 hectares for 75 years. At present, only two companies have approved FTAA's—Climax-Arimco Mining Corporation which has ongoing operations in Didipio, Nueva Vizcaya and Sagittarius Mines, Inc. which has operations in Sultan Kudarat, North and South Cotabato and Davao del Sur.

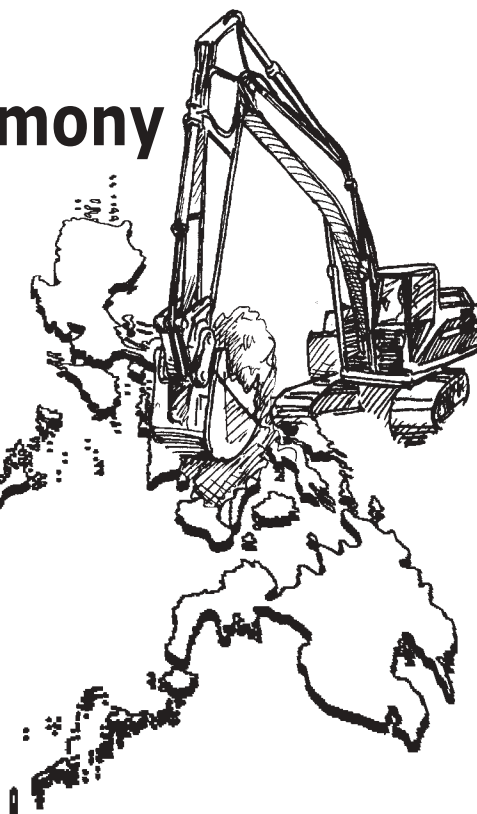
While the legality of the Mining Act was under question, the DENR instead granted Exploration Permits (EP) to 16 companies covering 55,360 hectares. A hundred and ninety other mining companies also managed to slip through their operations with Mineral Production Sharing Agreements (MPSA) that covered almost 315,000 hectares in various parts of the country.

The entry of foreign mining companies into the country poses one of the biggest threats to the lives and livelihood of many peas-

ant and national minority communities. It moreover hastens the monopolization of land in the hands of foreigners and violates the right of peasants and national minorities to their farms and ancestral lands. And wherever foreign companies are present, so is the reactionary military which acts as a mercenary security force for these companies. Mining, rampant militarization and counterrevolutionary programs always go hand in hand.

The regime is beside itself computing the anticipated deluge of foreign capital to the local mining industry. The Mining Act is expected to bring in P57 billion in taxes alone and an estimated \$6 billion (P330 billion) worth of capital into the country. No mention is made of the fact that the Philippines would be left with nothing but crumbs because these foreign companies will definitely repatriate 100% of their profits. Even the much-vaunted tax income will come down to loose change since the mining companies will be enjoying long-term tax exemptions.

Arroyo wants the Filipino people to swallow the influx of foreign mining companies hook, line and sinker. As an inducement, her regime promises to create 200,000



new jobs in mining. Again, no mention is made of the fact that millions of people will be losing their sources of income due to the forcible displacement of entire communities and the destruction of livelihoods, agricultural lands, rivers and forests. Compared to the jobs it creates, the damage wrought by mining to the people's livelihood in surrounding areas is many times bigger. On top of this, most mine workers are contractuels and casuals. The mining sector has the highest number of seasonal workers outside of the agricultural sector. Wages are extremely low, workers' rights non-existent and working conditions extremely harsh and life-threatening.

In the face of all this, putting a stop to the Mining Act's full implementation poses a great challenge to the people and the revolutionary movement. It is not only the welfare and livelihood of people presently living that is at stake but those of future generations of Filipinos.

AB

Mining in Central Luzon

The calamity that battered Aurora and Nueva Ecija in December 2004 was the result of the long-term plunder of Central Luzon's forests and mountains by imperialists and their local puppets. But it is not just these areas that have been devastated and continue to be destroyed by their greed. Aside from the destruction wrought by logging companies, other areas of Central Luzon have been seized and ravaged by local and foreign mining companies as well as pollution-causing electric power plants.



In fact, it is rampant commercial mining that has wrought the most destruction to the region's mountains and other natural resources. The United Nations Education, Scientific and Cultural Organization (UNESCO) has reported that 15 out of the 17 most endangered mountains in the Philippines are found in Central Luzon.

Blowing up mountains to make way for mines eradicates many forests and damages the balance of nature in these areas. The ensuing pollution wreaks destruction over a far wider area, causing people living in surrounding communities to suffer various ailments. The wanton dumping of mine tailings kills rivers, rice fields and coastal areas and all the organisms living in them.

Among the endangered mountains are those near the Angat watershed, Mt. Irid and Mt. Angelo along the Bulacan-Quezon border and sections of the Sierra Madre along the Nueva Ecija-Quezon border.

Mt. Arayat in Pampanga has also sustained great damage, and so have Mt. Natib, the Mariveles mountains in Bataan and the lofty mountains of Zambales and Aurora.

Mining companies have been granted greater freedom after the Supreme Court upheld the legality of the Mining Act of 1995 in December 2004 and again this February. In Central Luzon, the Dizon Mine is slated to begin open pit mining in the mountainous area between Zambales and Pampanga. White clay mining is also about to commence in Gabaldon, Nueva Ecija. Exploration has already begun in Sta. Cruz and Candelaria, Zambales for chromite, nickel and other minerals, in an area covering

almost 4,000 hectares. Even before the Mining Act's legality was upheld, up to 24 companies had already been granted Mineral Production Sharing Agreements (MPSA) in the region. There are also pending applications for Financial and Technical Assistance Agreements (FTAA) covering practically all mountainous and hilly portions of Aurora and Tarlac.

Toxic waste continues to flow from the abandoned Koto Mines and the Dizon Copper Silver Mines in Zambales. The toxic pileup continues to ravage not only the livelihood but the health of people living in the area. Fish caught in San Marcelino Lake, for instance, is no longer edible due to the high concentration of mercury dumped in the water by the nearby Dizon Mines.

Most of these mountainous and hilly areas are part of guerrilla zones. From the start, the revolutionary movement has clearly been opposed to the Mining Act and all plunderous and destructive mining operations in the country. The revolutionary movement is likewise fully aware that only by strengthening the people's resistance can the harmful and lethal effects of commercial mining be stopped or thwarted.

As in other parts of the country, the New People's Army (NPA) and the revolutionary movement in the region have pledged to wage all-out opposition to foreign and local mining companies operating within the territory of the people's democratic government. To the extent possible, the Josepino Corpuz Command will stop the mining operations of foreign capitalists in Central Luzon and punish anyone who tramples on the people's rights and wreaks havoc on the environment.

Some of the worst provisions of the Mining Act

- 1) Foreigners are allowed 100% ownership of local mining companies;
- 2) 100% repatriation is guaranteed not only for profits but for investments and equipment;
- 3) Companies enjoy guarantees against state confiscation;
- 4) Corporations are entitled to tax holidays and enjoy reduced tariffs;
- 5) Any losses incurred may be credited to net profits;
- 6) Government will guarantee the elimination of all impediments to mining operations, including communities and farms;
- 7) Companies may exploit other resources in their areas of operations, such as natural watersheds and timber;
- 8) Companies are exempt from any regulations set by the Bangko Sentral ng Pilipinas on the sale abroad of gold extracted from mines in the Philippines.

AB

AB

Gen. Victor Corpus: Big-time swindler

Retired general Victor Corpus has the gall to brag that he would pursue an "aggressive pro-people reforestation program" nationwide to provide jobs to people living in upland villages, including his former comrades in the New People's Army (NPA).

Corpus thinks that he can still fool others into believing his pro-people and defender-of-the-environment posture. Not in Panay, especially not among the Tumanduk minority. Out there, they have but one name for the general full of hot air: Big-time swindler!

Corpus was a lieutenant in the defunct Philippine Constabulary when he joined the NPA in 1971. He was captured in 1976 and rejoined the reactionary military upon his release in 1986. Since then until his retirement in 2004, he held various positions in the AFP, mostly in the fields of intelligence and psy-war. He was appointed by Arroyo in December 2004 as Presidential Adviser for the Anti-Illegal Logging Task Force and the National Reforestation Program. It was part of the regime's media-hyped response to massive landslides and floods in Aurora and Quezon caused by large-scale commercial logging.

"Greening Panay." Corpus' appointment to such positions was premised on his allegedly excellent record on reforestation while he was still assigned to the Philippine Army 3rd ID in Panay. Corpus initiated "Greening Panay," a project whose purported objective was to make verdant anew the denuded forests in the central part of the island.

Contrary to what the Arroyo regime wants the public to believe, "Greening Panay" was a program that had more to do with counterinsurgency than reforestation. It was a multi-million peso project funded by the Asian Development Bank and administered by a consortium composed of the 3rd ID, the University of the Philippines-Paghidaet (an

NGO), the Department of Environment and Natural Resources (DENR) and the then Office of Southern Cultural Communities. Begun in the early 1990s in the Tumanduk areas of Capiz province, "Greening Panay" was headed by Corpus when he was still colonel and chief of the 3rd ID Civilian-Military Operations.

According to plan, trees were to be planted in the 33,310-hectare Philippine Army 3rd ID reservation and training camp whose headquarters is at Camp Gen. Macario Peralta Jr. in Barangay Jaena Norte, Jamindan, Capiz. Encompassing 24 barrios in the towns of Jamindan and Tapaz, Capiz, the area comprised the ancestral land of the Tumanduk seized from them when it was transformed into an army reservation in 1965 under the regime of Gloria Arroyo's father Diosdado Macapagal.

Corpus' "pilot area" was Barangay Agloloway in Jamindan, which was right beside the 3rd ID's camp. He formed a tree-planting cooperative in the barangay and solicited donations from its members supposedly to purchase a carabao with the help of the Philippine Army. This barrio also served as the nursery for "Greening Panay." Among others, Corpus asked the villagers to plant mahogany, which was classified as "fast-growing commercial timber."

Plant mahogany and be a millionaire. To entice the people in the area into joining "Greening Panay," Corpus proclaimed that anyone who

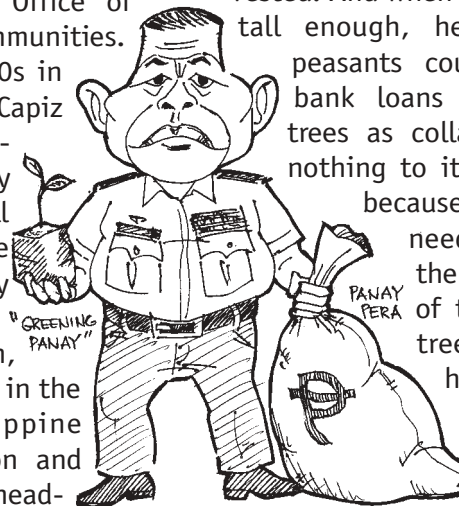
planted mahogany trees would definitely become a millionaire. It usually takes up to 25 years before mahogany trees could be harvested or felled. But Corpus claimed that even 15-year-old trees could be harvested. And when the trees grow tall enough, he added, the peasants could apply for bank loans and use the trees as collateral. There's nothing to it, said Corpus, because the peasants need only show the bank pictures of the mahogany trees that they had planted.

The project allocated P20,000 to P30,000 per hectare for tree planting. Corpus, however, boasted that he could have the land planted for only P5,000 per hectare. What he said was true enough. Corpus did not pay the Tumanduk a single centavo for planting mahogany.

According to a Memorandum of Agreement (MOA) between the Philippine Army and the peasants, they would divide the income among themselves once the trees are sold.

It was late in the game before Corpus' victims realized that one of "Greening Panay's" objectives was to deprive them of their lands. Slowly, they lost their farms. In the 15- to 25-year waiting period before they could harvest the trees, they had no other means of earning a living because they were threatened with eviction from the reservation if they did not plant mahogany.

A number of them tried to apply for loans from banks. This was when they realized that Corpus had swindled them. They could not use the



mahogany trees as collateral for one simple reason: they did not have titles to their lands. It was also at this point that they realized that it was not they, but Col. Victor Corpus, who became the millionaire. They found out that he had put up a business in Iloilo City and was likewise able to buy large tracts of land in Guimaras island where he had a mansion built.

They also slowly realized that the large-scale cultivation of mahogany trees was destructive to the biodiversity of the remaining rainforest. The land had become acidic, killing off other tree species planted nearby. The land was also no longer arable.

The Tumanduk take a stand. Corpus merely used the project as a cover for counterinsurgency. Through it, he was able to make the rounds of communities and call for village meetings where he tried to lead the people away from the path of revolution with the empty promise that they could escape poverty merely by planting mahogany.

Not long after, the people discovered what "Greening Panay" was really all about. In 1995, the Tumanduk united and took a stand against it. Organizations of the Tumanduk people called on the villagers not to plant mahogany.

The angry barrio folk uprooted and burned the mahogany seedlings. They launched protest actions, linked up with local governments, and sought the help of regional, national and international organizations. In the process, they were able to convince the Capiz Provincial Board to issue a resolution calling for the military's immediate withdrawal from the Tumanduk's lands.

Sham reforestation, failed "counterinsurgency." What Gloria Arroyo so proudly cited as Corpus' successful reforestation project

actually revolved around only three barrios within the army reservation—Agloloway in Jamindan and Daan Sur and Daan Norte in Tapaz—an area comprising around 1,000 hectares. Villagers in the 21 other barrios planted only a few trees next to their houses.

No less than the "Greening Panay" consortium admitted the project's failure in an assessment in 1997. The military has likewise admitted the project's failure to meet its objective of destroying the revolutionary armed movement in Panay. On the contrary, the movement has even grown stronger and expanded.

When the Philippine Army saw that the people did not fall for "Greening Panay" and that their counterrevolutionary scheme proved ineffective, the military's support for Corpus' project slowly waned. Disputes between Corpus and then 3rd ID chief, Maj. Gen. Jose Lapus escalated not only due to "Greening Panay's" failure as a counterinsurgency tool. They also quarreled over the project's funds.

General Lapus categorically declared the 3rd ID's non-recognition of its MOA with the barrio folk, claiming that it was a unilateral move on Corpus' part. Their bickering went all the way up to the Supreme Court. In 1998, the high court declared the MOA invalid.

Corpus threw a fit and threatened to resign from the Philippine Army. But he didn't go through with it when Pres. Fidel Ramos promoted him to brigadier general and gave him another assignment outside the 3rd ID.

Unfortunately, "Greening Panay's" funds vanished with Corpus and Lapus' departure from Panay. Until now, members of the tree-planting cooperative in Barangay Agloloway wait in vain for the carabao promised them by the swindler-general. AB

Revolutionary policy on the environment in Panay



When Col. Victor Corpus was given a new assignment, the Philippine Army stopped pursuing the "Greening Panay" reforestation sham. In fact, they started cutting some of the mahogany trees Corpus ordered planted. The cutting of indigenous tree species continued because Philippine Army and CAFGU elements themselves were engaged in the *baroto* (dugout canoe) business. The soldiers would pay P2,000 to a group of four *baroto* makers and sell the canoe in Pontevedra, Capiz for P30,000 to P40,000.

Revolutionary mass organizations have been far more successful in preserving the forests and the environment as a whole. In an interview, Ka Sylvia, a leading Communist Party cadre in Panay, said that it was the mass organizations themselves in many barangays in Tapaz and Jamindan, Capiz, that determine when and in what part of the woods tree-cutting and hunting would be allowed.

In relatively consolidated areas,

the people's democratic government bans the commercial sale of logs and the use of chainsaws, except when the wood is to be used for community needs such as schools and health centers. *Baroto* making is only allowed from April to June, the time of *tigkiriwi* or food scarcity. Logs or lumber may only be sold if they come from previously felled trees or from logs washed up by the Pan-ay River.

Aside from banning logging, it has also been the policy of the people's democratic government to ban the practice of *kaingin* (slash-and-burn agriculture). "It was the masses themselves who pushed for the ban in order to preserve the trees, the land and the fauna," said Ka Sylvia.

To ensure the implementation of these policies, the people's democratic government mobilizes the mass organizations who are assisted by units of the New People's Army (NPA). Violators are ordered to plant indigenous trees such as acacia, api-tong, molave, narra, lawaan or yakal in designated areas and not the commercial and destructive mahogany.

Aside from caring for the forests, the revolutionary mass organizations also look after rivers and streams and strictly forbid the use of poisons such as Endrin, Cymbus in fishing.

Vigorous campaigns are conducted to increase rice production without depending on chemical fertilizers and pesticides. Campaigns are likewise launched to improve the overall level of production to wean peasants away from their dependence on *baroto* making and logging for a living.

The planting of Bt corn has also been banned. The revolutionary movement likewise provides training on disaster preparedness and mass education on environmental protection.

Megamergers

Bigger profits, graver exploitation

Only three oil giants remain out of the "seven sisters" in the 1970s. Only two companies now manufacture big commercial airplanes. There are now only eleven independent car manufacturers when there used to be 40.

The number of dominant companies in various industries worldwide continues to shrink. Companies are merging and gobbling up other companies and capital concentrated in the hands of an ever smaller number of monopolists worldwide at an accelerating pace.

The avalanche of mergers since 1995 is especially notable. Up to 85% of world investments since then have gone into such mergers. The year 1999 was a high point when over 32,000 mergers valued at \$3.4 trillion took place. This was triple the number of mergers in 1989 and over 30 times those recorded in 1981.

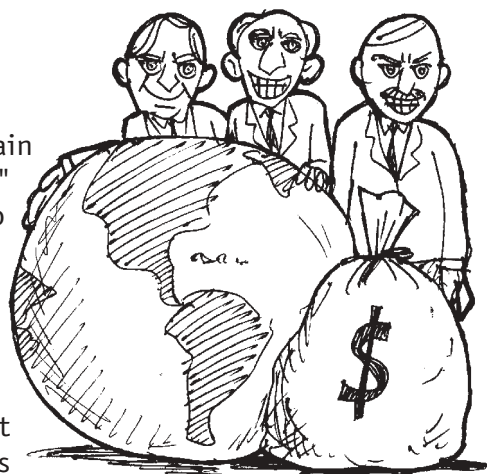
Cross-border mergers. Large and powerful companies gobble up not only companies within their base countries but those in other countries as well. In fact, the heightened concentration and centralization of capital internationally is most evident in the unprecedented level of cross-border mergers. Since the late 1980s, cross-border mergers have been the main driving force of direct foreign investments, meaning, a significant part of world capital flow has gone into the change of ownership of existing businesses and enterprises. Most of what has been considered direct investments in previous years did not involve the establishment of new factories and industrial infrastructure.

Since the 1980s, the value of cross-border mergers has almost doubled, coming to \$1.1 trillion by the end of the 1990s. While the value of such mergers hardly comprised 20% of the total in the early 1980s, they now comprise 33%.

Companies in Western Europe and North America have been the most active in such mergers. Enterprises in underdeveloped countries are among the most coveted targets of acquisition, especially since the implementation of the policies of liberalization, deregulation and privatization.

This torrent of mergers also means greater power for large transnational corporations. Around a third of world trade today is intrafirm or takes place between companies owned by the same transnational corporation. A classic example of power resulting from intrafirm trade is the oil companies' ability to raise the prices of petroleum products at will.

Through mergers, transnational corporations are able to dominate the domestic markets of many countries through the further expansion



sion of their network of local plants and offices. In 1998, transnationals earned \$11 trillion from their subsidiaries in various countries. This is astounding, considering that the total value of exports of all countries that year came to a mere \$6.7 trillion!

Blows on the proletariat. The unprecedented rush of monopoly company mergers indicates the intensity of the crisis of the world capitalist system. As the crisis worsens, many companies weaken and are eliminated in competition, and if they do not collapse altogether, are gobbled up by bigger rivals.

In the process, it is the workers of merging companies who are worst hit. Mergers are a means for monopoly capitalists to reduce their workforce while expanding the company's scope of operations, thus further enlarging their profits. The Daimler-Benz and Chrysler merger, for example, resulted in an estimated \$25 million in savings for the company due to the closure of some of its plants.

A company is also able to exploit the cheaper labor-power in the base country of the company it acquires. Thus, aside from the loss of millions of jobs, the remaining workforce is subjected to more severe capitalist exploitation.

On the other hand, mergers link an ever-growing number of workers. As capital gets more and more centralized, labor gets more socialized at the international level.

The acceleration of imperialist mergers is a factor for the intensification of the fundamental contradictions of the capitalist system. Conditions are excellent for the resurgence of the revolutionary struggle of the proletariat worldwide.

AB

Maoism will never be vanquished in China

Maoism is deeply rooted in the minds of workers and peasants in China. Out of grave fear, the revisionist leadership in the Communist Party and the bourgeois state forcibly tries to eradicate it.

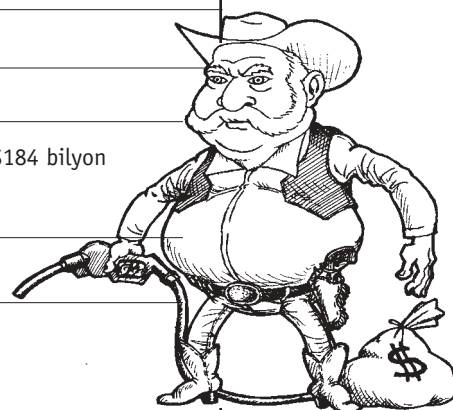
On December 24, four Maoists in the city of Zhengzhou in Henan, China were sentenced to three years' imprisonment. Their supposed crime was "undermining social order and national interest."

What did they do? On September 9, 2004, the 28th death anniversary of Mao Zedong, Zhang Zhengyao distributed a pamphlet extolling Mao Zedong and exposing and criticizing the rottenness of the capitalist system which the revisionists restored when they seized political power in 1976. Zhang Zhengyao, his wife Ge Liying, and his friends Wang Zhanqing and Zhang Ruquan, were arrested.

The revisionist regime was incensed by the statement "Mao Zedong, Forever our Leader," which said that "the workers and peasants will

continued on page 10

The former "seven sisters"	Present Standing	Market Value (1999)
1. Exxon	Bought Mobil for \$80 billion in 1998. ExxonMobil is the leading oil company today.	\$244 bilyon
2. Royal Dutch Shell	Now the third largest oil company.	\$177.5 bilyon
3. Texaco	Acquired by Chevron in 2000 for \$43 billion. The merger is now known as ChevronTexaco.	Chevron: \$56.7 bilyon Texaco: \$29.7 bilyon
4. Gulf Oil	Bought by Standard Oil in 1984.	
5. Mobil	Bought by Exxon in 1998.	
6. British Petroleum (BP)	Bought US companies Amoco and Arco in 1998 and 1999. The result, BP-Amoco, is now the second largest oil giant.	\$184 bilyon
7. Standard Oil (Socal)	Renamed Chevron after merger with Gulf Oil.	
	Two French companies merged to give rise to Total Fina-Elf Aquitaine, today's fourth largest oil company.	



always stand by the side of Mao Zedong," and what he has done to "expose the reactionary leadership of the pro-capitalist forces inside our Party who seized state power and control of the Party and divided the wealth of the state among themselves."

Zhang recalled the period of socialist revolution under the leadership of Mao Zedong, when "the Chinese people were the masters of the country." They asserted that despite the rhetoric about "socialism with Chinese characteristics," the Chinese state today is a state "owned by the capitalist class." Thus, under the revisionist regime, the working class no longer works for itself, but is "creating surplus value for the capitalist class."

Zhang assailed the wide gap between the richest and the poorest of the people. On one side are the billionaire bureaucrat capitalists pretending to be "socialists," but who really adore capitalism as it would bring them the greatest benefit. And on the other side are the hundreds of millions of workers and peasants who now suffer abject poverty, oppression and exploitation. "A line has thus been clearly drawn. Mao Zedong is the leader of over 95% of the Chinese people."

Zhang firmly declared that the Chinese people's struggle for socialism will continue. "When development of contradictions and mass struggles nationwide reaches a climax, the people within the Party, the government and the army who have understood the true nature of revisionism will wage a resolute struggle against it, and will rejoin the proletarian class ranks to hold high the banner of Mao Zedong and to resume the fight for socialism in China." AB

Liberation of Auschwitz remembered

The Holocaust must never be repeated. This was the message that reverberated during the 60th anniversary of the liberation of the death camps in Auschwitz, Poland on January 27.

Up to 1.5 million Jews, Polish and Soviet Communists, people with disabilities, Gypsies and homosexuals were put to death by the Nazis in Auschwitz from 1940 to 1944. The Auschwitz death camps were the Nazis' biggest prisons where they detained, experimented on and massacred their perceived enemies. They were run by the SS or the Schutzstaffel, the paramilitary group that served as the Nazis' special police.

In Auschwitz, experiments were conducted to find the quickest way of killing the rounded up captives, most of whom were Jews from Nazi-occupied countries throughout Europe. Through these experiments, the Nazis were able to kill up to 6,000 people each day. The most rapid means of killing was to gather thousands of people inside giant crematoria and bombard them with insecticide. Their bodies were later incinerated.

Upon arrival in Auschwitz, children, the elderly, the sick and the weak were rounded up to be killed. Meanwhile, the able-bodied ones were forced to work in German armaments factories in Poland. When they could no longer work because of illness or physical weakness, they were also killed.

The remaining prisoners were liberated by heroic soldiers of the Soviet Red Army on January 27,

1945. The Polish government turned the death camps into museums to

serve as a reminder that genocide must never

be repeated.

The SS elements

who perpetrated genocide and torture not only in Auschwitz but in all the Nazi-occupied countries of Europe were meted the death penalty as war criminals.

Surviving victims and their families, soldiers of the Red Army who liberated the prisoners, leaders of various governments worldwide, and officials from Germany itself attended the commemoration in Auschwitz. Commemorations were also held elsewhere in Europe such as the United Kingdom, Russia and Greece.

The United Nations likewise commemorated the event for the first time since the end of the war. Speakers during the UN commemoration compared to Auschwitz the brutality and the violations of dignity and human rights being perpetrated in US-occupied countries like Iraq and Afghanistan. They also assailed the carnage taking place in a number of African countries, and especially condemned the killing of Palestinians by Israeli forces. They strongly denounced the continued maltreatment of prisoners held by the US and the UK in Iraq and in Camp Xray, the international prison set up by the US in its military base in Guantanamo, Cuba. AB



US forms puppet state in Iraq

An election designed and controlled by the US was held in Iraq on January 30, with the sinister objective of creating the illusion of democracy and establishing a government that would be the US' instrument in Iraq and the Middle East.

Two hundred seventy-five representatives were chosen in this election for the transitional National Assembly that would frame the new constitution of Iraq. Because US power persists through the presence of about 150,000 armed troops, any measure undertaken by this National Assembly will certainly favor the US' economic, political and military interests in Iraq and the Middle East. The National Assembly is expected to affirm US control over Iraqi oil and allow the US military's permanent basing.

The draft constitution is scheduled for release in August and will be voted upon by the Iraqi people in a referendum in October. Once approved, a new government will be elected in December.

The elections were designed by the US to create the illusion of democracy, stability and peace in Iraq, and sovereignty by the Iraqi people. The US would like to make it appear that the transitional government in Iraq has the mandate of the Iraqi people even if, in reality, the elections were conducted while US colonial power held sway in and those who expressed their desire to be free of US control were hounded and killed.

Amid all the hype about democracy and sovereignty for the Iraqi people, Bush has shamelessly declared that American troops will remain and that the US government will continue to intervene in Iraq. Bush also announced his administration's plans to add \$80 billion to funding the war in Iraq and Afghanistan.

The Iraqi people have no need for a bogus election but for American troops to be driven out of their country and for the arrogant and plunderous US occupation and control of Iraq to end.

AB

CPP opposes GRP's ceasefire demand

THE Communist Party of the Philippines categorically opposed Malacañang's demand for the National Democratic Front of the Philippines (NDFP) to declare a ceasefire before the formal resumption of peace negotiations.

In a statement, CPP spokesperson Gregorio "Ka Roger" Rosal said that the Arroyo regime's statements are in violation of The Hague Joint Declaration which established the four-point substantive agenda of the peace negotiations. The Hague Joint Declaration stipulates that a ceasefire and the disposition of armed forces can only be tabled after resolving the roots of the civil war in the Philippines, which comprise the content of the substantive agenda on socio-economic reforms and political and constitutional reforms.

Rosal likewise pointed out the regime's failure to fulfill its obligation under previous agreements to take positive measures to have the CPP, NPA and the NDFP chief political consultant removed from the US "terrorist listing." Thus, said Rosal, the Arroyo regime has failed to defend national sovereignty in the face of such an act of US intervention in the Philippines' internal affairs—also in violation of The Hague Joint Declaration's basic principles.

Bayan Muna leader killed in Lucena City

MILITARY and paramilitary troops summarily killed yet another Bayan Muna leader. Ronnie Almaote, 38, was shot and repeatedly stabbed in his own home on February 6. Almaote was preparing dinner for his family when armed men entered his house in Purok Matahimik, Barangay Cotta, Lucena City. Almaote was the Bayan Muna coordinator for Lucena.

CPP demands expulsion of American spies in the country

THE Communist Party of the Philippines (CPP) demanded the expulsion of covert US intelligence operatives now inside the Philippines. The Party also assailed the Arroyo regime for allowing their presence. CPP spokesperson Gregorio "Ka Roger" Rosal said that the regime must immediately identify these troops and order them out of the Philippines.

No less than US ambassador Francis Ricciardone has disclosed the presence of at least 70 US Army soldiers in Mindanao now spying against supposed terrorists and training Philippine troops in intelligence work.

The operatives are currently able to pose as "military advisers" and enter the country at will using joint military exercises as pretext. The Arroyo regime announced in January that 28 joint military exercises are set to be conducted in the

Philippines by the AFP and American troops in 2005—thus paving the way for the entry of more US spies into the country.

In related news, a US scheme to form secret teams of operatives that would gather real-time intelligence for Special Forces operations has been exposed. These so-called Strategic Support Teams (SST) under the US Defense Intelligence Agency will be unleashed in the Philippines, Indonesia, Somalia, Yemen and Georgia—countries that allegedly harbor terrorists.

People's organizations oppose Palparan's appointment to Eastern Visayas

MASS organizations like the Samahan han Gudti nga mga Parag-uma ha Sinirangan Bisayas (SAGUPA-SB) strongly opposed Brig. Gen. Jovito Palparan Jr.'s appointment as chief of the Philippine Army 8th Infantry Division this February. Militarization and human rights abuses will surely intensify in Eastern Visayas, SAGUPA-SB said.

Palparan has earned notoriety as the "Butcher of Mindoro" because of rampant military violence against the people in the island when he was 204th Infantry Brigade chief. He was the brains behind numerous abductions and summary executions, such as the April 2003 murder of Southern Tagalog mass leaders Ka Eden Marcellana and Ka Eddie Gumanoy. Palparan's transfer to Rizal also led to intense military abuses against the people. Despite all this, he was appointed chief of the "peacekeeping contingent" in Iraq, and later served as chief of staff of the Philippine Army before being assigned to Eastern Visayas.

Agri workers set up union center

THE Unyon ng mga Manggagawa sa Agrikultura (UMA) held its first national congress in Quezon City on January 20. UMA will serve as the national union center whose objective is to unite agricultural workers, expand and intensify their struggle for genuine land reform and national industrialization and advance national freedom and democracy.

UMA consists of workers' organizations in haciendas and plantations like the Unyon ng mga Manggagawa sa Agrikultura-Gitnang Luzon and the National Federation of Sugar Workers (NFSW). Most of its affiliate organizations are based in Leyte, Bukidnon, Cebu and Panay.

In a statement, Prof. Jose Maria Sison, International League of Peoples' Struggle chair cited UMA's role in consistently campaigning "for land reform and national industrialization in all legal forms of struggle". He likewise reminded UMA to advance "the struggle for national freedom and democracy because we need national and democratic power to carry out the completion of land reform, national industrialization and other reforms that we all desire."

Teachers launch nationwide protest actions

Teachers led by the Alliance of Concerned Teachers (ACT) held nationwide protest actions on January 28 to fight for a P3,000 across-the-board increase in monthly salaries and a bigger education budget.

In Manila, 2,500 teachers led by the Manila Public School Teachers' Association (MPSTA) held a torch parade towards Mendiola. They came from 74 schools in Taguig-Pateros, Muntinlupa, Pasay, Parañaque, Makati, Mandaluyong, Navotas, Valenzuela and the University of the Philippines and marched together with members of Anakbayan, the League of Filipino Students and even parents.

The Arroyo regime, they said, is the malefactor in the education sector's most serious crisis ever. While they are forced to make do with meager funds, the lion's share of the budget goes to debt service. Meanwhile, the gargantuan budget for the reactionary military and police is squandered on luxuries, vices and corruption.

Hundreds of teachers, students and government employees led by the Quezon City Public School Teachers' Association (QCPSTA) and COURAGE had earlier marched out of their schools and offices at noontime. They held a coordinated picket at the Quezon Memorial Circle. Towards nighttime, 300 teachers and youth and students held a vigil in a school at the Batasan Hills.

In Vigan, Ilocos Sur, 150 teachers, government employees and students of the University of Northern Philippines held a protest march. Mass actions were also launched in La Union, Baguio and Mountain Province.

Teachers from nine schools held a motorcade-rally in Tarlac City. Protests were likewise launched in the cities of Cabanatuan and Angeles and some towns of Bulacan.

In Bacolod City, 500 teachers, together with youth, urban poor and government employees marched in front of the capitol. A rally and candle-lighting ceremony were also held in Iloilo City.

In Davao City, teachers from 12 schools launched protest actions.